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Investment Idea / IPO Note

Orkim Berhad

Smooth Sailing Ahead

By Crystal Chin

BUY

IPO Price: RM0.92

Fair Value: RM1.11

Orkim Berhad (ORKIM: 5348), a leading owner-operator of clean petroleum products (CPP) and liquefied petroleum gas (LPG) tankers, providing marine transportation services for CPP and LPG products within Malaysia and across neighbouring countries. We project ORKIM to register core net earnings of RM80.4m and RM94.0m for FY25F and FY26F. BUY with a fair value of RM1.11, premised on 12x PER (in line with industry peers average) over FY26F EPS.

ORKIM's earnings were temporarily weighed down by higher depreciation and amortisation charges following the installation of Ballast Water Treatment Systems (BWTS), while utilisation during the quarter was also affected by planned dry-docking for the retrofitting works. Looking ahead, the vessel utilisation and operational efficiency is expected to improve with the completion of dry-docking and the full installation of the BWTS across its fleet.

With a 16-year operating track record, ORKIM holds a 56% share of Malaysian-registered CPP/chemical tankers. Its business is anchored by long-standing relationships with key energy companies including PETRONAS Group (16 years), Shell Group (15 years), Petron Malaysia (4 years) and BHPetrol (4 years), which contribute more than 90% of the total revenue, providing strong contract renewal visibility and stable fleet utilisation.

As October 2025, ORKIM manages 17 active contracts with tenures up to 10 years and extension options. With that, it recorded a solid 91% utilisation rate. Recurring revenue is driven by its fleet of 15 CPP and 2 LPG tankers, contributing a revenue mix of 92:8, while its time charter order book stood at RM614.2m. The fleet has an average age of 12 years and the delivery of two newbuild CPP tankers in 1Q27 will further rejuvenate the vessel profile, enhancing charter competitiveness and reducing long-term maintenance risk.

ORKIM has strong regional footprint in Asia, serving across 26 domestic and 68 international loading and discharge points in Singapore, China and South Korea. Its growth strategy is driven by fleet expansion and two additional 9,000 DWT (deadweight tonnage) tankers to be acquired within the next 24 months. This will materially expand revenue capacity from FY27 onwards.

ORKIM maintains a healthy financial position with a net gearing of 0.5x, expected to gradually improve to 0.2x. The Group has a dividend payout policy of 50% to 70% of net profit, reflecting strong commitment to shareholder returns.

KLCI	1,612.78
YTD FBM KLCI change	-1.80%
YTD FBM SC Index change	-12.53%

Stock Information

Market Cap Upon Listing (RM'm)	920.00
Enlarged Share Capital (m)	1,000.00
Shariah Compliant	Yes

IPO Proceeds (RM'm)

Purchase of Vessels	80.00
Working capital	1.15
Defray fees and expenses for IPO and Listing	10.85
Total	**92.00**

Major Shareholders

PNB & ART	60.0%

Summary Earnings Table

FY Dec (RM'm)	2023A	2024A	2025F	2026F
Revenue	302.6	316.6	305.3	329.0
EBIT	105.1	111.2	97.9	113.0
Pretax profit	81.9	94.0	81.3	95.1
PATAMI	**81.0**	**92.9**	**80.4**	**94.0**
Core PATAMI	**81.0**	**92.9**	**80.4**	**94.0**
Consensus	-	-	-	-
Core EPS (sen)	8.1	9.3	8.0	9.4
EPS growth (%)	34%	15%	-13%	17%
DPS (sen)	0.0	1.0	5.3	5.6
PER (x)	11.4	9.9	11.4	9.8
BV/Share (RM)	0.54	0.62	0.72	0.82
ROE (%)	13.1%	14.9%	15.9%	12.0%
Div. Yield (%)	0.0%	1.1%	5.8%	6.1%

Sources: Prospectus, Rakuten Trade Research

COMMPANY	Definition
Buy	The stock return is expected to exceed the KLCI benchmark by more than 10% over the next 6-12 months.
Trading Buy	Short-term positive development on the stock that could lead to a re-rating in the share price and translate into an absolute return of 10% over the next 3-6 months. Trading Buy is generally for investors who are willing to take on higher risks.
Take profit	The stock return previously recommended has gained by >10%
Hold	The stock return is expected to be in line with the KLCI benchmark (+/- 5%) over the next 6-12 months.
Sell	The stock return is expected to underperform the KLCI benchmark by more than 10% over the next 6-12 months.
SECTOR	
Overweight	Industry expected to outperform the KLCI benchmark, weighted by market capitalization, over the next 6-12 months.
Neutral	Industry expected to perform in-line with the KLCI benchmark, weighted by market capitalization, over the next 6-12 months.
Underweight	Industry expected to underperform the KLCI benchmark, weighted by market capitalization, over the next 6-12 months.

Scoring model:

The in-house scoring model is derived from Rakuten Trade Research valuation matrix based on earnings growth, earnings visibility, business model, valuation, balance sheet, technical analysis, and shareholder value creation. Each parameter is given a specific weighting.

All buy calls are based on the research team's judgement. Investing is risky and trading is at your own risk. We advise investors to:

- read and understand the contents of the disclosure document or any relevant agreement or contract before investing;
- understand the risks involved in relation to the product or service;
- compare and consider the fees, charges and costs involved; and
- make your own risk assessment and seek professional advice, where necessary.

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